

United States Senate

WASHINGTON, DC 20510

February 17, 2011

0226

The Honorable Julius Genachowski, Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Dear Chairman Genachowski:

We write regarding your effort to modernize and rationalize the Universal Service Fund (USF), including your effort to bring affordable broadband to all Americans and shifting away from subsidizing traditional telephone service. As part of your review and reform, we urge the Federal Communications Commission (FCC) to examine and reduce the disparate burden that the USF places on certain states.

The FCC has outlined several key principles that would guide USF reform, including controlling the size of the fund and reforming how taxpayer money is distributed. We appreciate the Commission's focus on constraining growth in the size of the USF. However, our states and others face a large disparity between contributions and receipts that has existed for many years. As currently contemplated, the FCC's USF reform proposals do not adequately take this disparity into account and propose how to reduce it.

The disparity between USF support and contributions for our states is significant. For example, in 2009, New Jersey's consumers paid \$4.68 to the fund for every dollar they got back, for a net USF contribution in excess of \$195 million. Consumers in Massachusetts paid \$3.66 to the fund for every dollar they received, for a net contribution of more than \$123 million. Florida's consumers paid \$2.23 to the fund for every dollar they got back, for a net USF contribution of nearly \$274 million. Significant disparities in net USF contributions also exist in many other states. As you work to modernize the USF, we urge you to bring relief to consumers in those states, who have for too many years borne a disproportionate share of the cost of the fund without commensurate benefits.

Although we support the concept of universal service, and recognize the importance of universal access to broadband for all Americans, the USF desperately needs to be changed to address the numerous inequities and inefficiencies in its current administration. While there may be benefits to having as many Americans as possible connected to the network, this does not mean we should tolerate a system that is either unfair to our states or structurally distracted from its true mission.

We appreciate your consideration and look forward to hearing about the steps the FCC intends to take to address our concerns.

Sincerely,


FRANK R. LAUTENBERG


BILL NELSON


JOHN F. KERRY



FEDERAL COMMUNICATIONS COMMISSION

June 20, 2011

JULIUS GENACHOWSKI
CHAIRMAN

The Honorable John F. Kerry
Chairman
Subcommittee on Communications, Technology, and the Internet
Committee on Commerce, Science, and Transportation
United States Senate
218 Russell Senate Office Building
Washington, D.C. 20510

Dear Chairman Kerry:

Thank you for your letter regarding the Universal Service Fund (USF) and your concern about the imbalance between the amount some states contribute to the fund and the amount they receive. Your letter has been included in the record of the Commission's USF reform proceeding.

I recognize that an increasing USF contribution burden works against the purposes of the universal service program, by raising costs for consumers and businesses and thereby discouraging use of communications services. That's why eliminating waste and inefficiency, ensuring accountability, and requiring fiscal responsibility are core pillars of our proposed USF reforms. Consumers should also benefit from our proposed phase down of intercarrier compensation. The intercarrier compensation system currently relies on payments from long distance consumers, including those in your states, to implicitly subsidize local phone service in rural areas.

As we move forward to complete USF and intercarrier compensation reform, the Commission intends to preserve the statutory principles of universal service, including equitable contributions and sustainability of the fund.

I appreciate your leadership and contribution to this reform process. I look forward to working with you further to ensure the sustainability and equitable nature of the Universal Service Fund.

Sincerely,



Julius Genachowski



FEDERAL COMMUNICATIONS COMMISSION

June 20, 2011

JULIUS GENACHOWSKI
CHAIRMAN

The Honorable Frank R. Lautenberg
United States Senate
324 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Lautenberg:

Thank you for your letter regarding the Universal Service Fund (USF) and your concern about the imbalance between the amount some states contribute to the fund and the amount they receive. Your letter has been included in the record of the Commission's USF reform proceeding.

I recognize that an increasing USF contribution burden works against the purposes of the universal service program, by raising costs for consumers and businesses and thereby discouraging use of communications services. That's why eliminating waste and inefficiency, ensuring accountability, and requiring fiscal responsibility are core pillars of our proposed USF reforms. Consumers should also benefit from our proposed phase down of intercarrier compensation. The intercarrier compensation system currently relies on payments from long distance consumers, including those in your states, to implicitly subsidize local phone service in rural areas.

As we move forward to complete USF and intercarrier compensation reform, the Commission intends to preserve the statutory principles of universal service, including equitable contributions and sustainability of the fund.

I appreciate your leadership and contribution to this reform process. I look forward to working with you further to ensure the sustainability and equitable nature of the Universal Service Fund.

Sincerely,

A handwritten signature in black ink, appearing to be "J. Genachowski", is written over the printed name.

Julius Genachowski



FEDERAL COMMUNICATIONS COMMISSION

June 20, 2011

JULIUS GENACHOWSKI
CHAIRMAN

The Honorable Bill Nelson
United States Senate
716 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Nelson:

Thank you for your letter regarding the Universal Service Fund (USF) and your concern about the imbalance between the amount some states contribute to the fund and the amount they receive. Your letter has been included in the record of the Commission's USF reform proceeding.

I recognize that an increasing USF contribution burden works against the purposes of the universal service program, by raising costs for consumers and businesses and thereby discouraging use of communications services. That's why eliminating waste and inefficiency, ensuring accountability, and requiring fiscal responsibility are core pillars of our proposed USF reforms. Consumers should also benefit from our proposed phase down of intercarrier compensation. The intercarrier compensation system currently relies on payments from long distance consumers, including those in your states, to implicitly subsidize local phone service in rural areas.

As we move forward to complete USF and intercarrier compensation reform, the Commission intends to preserve the statutory principles of universal service, including equitable contributions and sustainability of the fund.

I appreciate your leadership and contribution to this reform process. I look forward to working with you further to ensure the sustainability and equitable nature of the Universal Service Fund.

Sincerely,



Julius Genachowski